

Message Text

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44

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 NEAE-00 SSO-00

NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

AID-05 PC-01 OMB-01 OPR-02 A-01 OC-05 CCO-00 SIL-01

LAB-04 /098 W

----- 076936

O 061405Z JUL 75

FM AEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 9759

INFO AMEMBASSY COLOMBO PRIORITY

AMEMBASSY DACCA PRIORITY

AMEMBASSY ISLAMABAD PRIORITY

AMEMBASSY KABUL

AMEMBASSY KATHMANDU PRIORITY

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMCONSUL BOMBAY PRIORITY

AMCONSUL CALCUTTA PRIORITY

AMCONSUL HONG KONG

AMCONSUL KARACHI PRIORITY

AMCONSUL LAHORE PRIORITY

AMCONSUL MADRAS PRIORITY

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CINCPAC

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C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 9028

CINCPAC FOR POLAD

3.O. 11652: GDS

TAGS: PINS, PINT, IN

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SUBJ: CURRENT POLITICAL SITUATION

SUMMARY: CALM CONTINUES THROUGHOUT THE COUNTRY. SPECULATION CONCERNING REASONS FOR IMPOSITION OF STATE OF EMERGENCY CONTINUES TO EMPHASIZE THREAT TO MRS GANDHI FROM DISSIDENTS WITHIN HER OWN PARTY.

DMK ORGANIZED A MASSIVE RALLY IN MADRAS ON JUNE 6 " TO SAVE DEMOCRACY." AT THE SAME TIME, TAMIL NADU CONGRESS (R) HELD A SMALLER MEETING IN MADRAS. A TIMIL NADU CONGRESS (R) EXECUTIVE COMMITTEE MEETING BRANDED THE DMK'S STAND ON THE EMERGENCY AS "UNCONSTITUTIONAL" AND "TREASON." ANDHRA PRADESH CHIEF MINISTER IS REPORTED TO HAVE ALLEGED THAT THE BBC AND VOA WERE PART OF THE CONSPIRACY AGAINST MRS GANDHI. THE PRIME MINISTER MET WITH LOYAL TRADE UNION LEADERS TO TELL THEM THAT THE GOVERNMENT WOULD NOT TOLERATE STRIKES OR OTHER AGITATION DURING THE EMERGENCY. THERE ARE RELIABLE REPORTS OF DISSENTING VIEWS WITHIN BOTH THE INTUC AND HMS CONCERNING THEIR ORGANIZATIONS' STAND IN FAVOR OF THE PROCLAMATION OF EMERGENCY. THE GOVERNMENT HAS ALLOWED THE ANTI-INFLATIONARY COMPULSORY DEPOSIT SCHEME WHICH REQUIRES THE IMPOUNDING OF WAGE INCREASES TO EXPIRE. THE CRITICAL QUESTION FOR LABOR NOW IS WHETHER THE GOI WILL ALLOW THE GRANTING OF WAGE INCREASES. FINANCE MINISTER SUBRAMANIAM TOLD A TV AUDIENCE THAT AMONG THE MEASURES TO BE ADOPTED THE GOI WOULD ESTABLISH OVER 50 REGIONAL BANKS TO MEET THE CREDIT NEEDS OF THE RURAL POPULATION. END SUMMARY.

1. THE PRESS JULY 7 WAS FILLED WITH SENSATIONAL STORIES OF HUMAN SKULLS FOUND IN THE SEIZED OFFICES OF THE BANNED ANAND MARG IN JAIPUR. OTHER THAN THAT, THE SITUATION THROUGHOUT COUNTRY IS BELIEVED QUIET. THE PRESS REPORTS THAT ARRESTS IN MAHARASHTRA STATE HAVE CLIMBED TO 940 OF WHOM 440 ARE LABELED "ANTI-SOCIAL ELEMENTS." CONGEN BOMBAY SOURCES INDICATE THAT MOST OF MORE RECENT ARRESTS IN MAHARASHTRA INVOLVE RSS CADRE. CONGEN HAS A RELIABLE REPORT THAT IT IS WIDELY BELIEVED IN AHMEDABAD THAT KMLP LEADER CHIMANDHAI PATEL HAS BEEN ARRESTED. WE HAVE HEARD THE SAME RUMOR HERE. AMONG EXPLANATIONS OFFERED TO US BY OUR CONTACTS FOR IMPOSITION OF STATE OF EMERGENCY BY MRS GANDHI THE ONE WE HEAR MOST OFTEN IS CONFIDENTIAL

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THE THREAT TO HER POSITION FROM WITHIN HER OWN CONGRESS(R) PARTY.

2. CONGEN MADRAS REPORTS THAT THE DMK'S MEETING IN MADRAS JULY 6 TO EXPLAIN THE PARTY'S STAND ON THE EMERGENCY WAS ATTENDED BY AS MANY AS 150,000. (MADRAS 0906 REPORTING THE MEETING IN FULL IS BEING REPEATED ZV THE DEPARTMENT.)

THIS WAS ONE OF THE LARGEST MEETINGS HELD IN MADRAS IN RECENT YEARS. THE MEETING AS ADDRESSED BY DMK'S BIG THREE: CHIEF MINISTER, EDUCATION MINISTER, AND HEALTH MINISTER. CHIEF MINISTER STRESSED THAT THE MEETING WAS NOT DIRECTED AGAINST THE PRIME MINISTER, BUT WAS ORGANIZED TO "SAVE DEMOCRACY." HE SAID THE DMK GOVERNMENT WOULD CARRY OUT THE CENTER'S INSTRUCTIONS "INSOFAR AS THEY DO NOT GO AGAINST OUR CONSCIENCE." MEETING CLIMAXED WITH CHIEF MINISTER'S ASKING THE GATHERING TO PLEDGE ITSELF TO "PROTECT INDIAN FRMOCRACY UNDER ANY CIRCUMSTANCES AND UNDER EOY EVENTUALITY...WE APPEAT TO THE PRIME MINISTER TO RELEASE THE ARRESTED LEADERS AND TO ENSURE REASONABLE FREEDOM OF THE PRESS." WHILE DMK WAS HOLDING TIS MEETING, THE TAMIL NADU CONGRESS (R) HELD A PUBLIC MEETING TO SUPPORT PRIME MINISTER. CROWD ESTIMATED AT ABOUT 8,000. EARLIER IN THE DAY, THE TAMIL NADU CONGRESS(R) EXECUTIVE COMMITTEE ADOPTED A RESOLUTION STATING IN PART "THOSE WHO HAVE BEEN CLOSELY WATCHING POLITICAL DEVELOPMENTS IN INDIA MUST HAVE CLEARLY UNDERSTOOD HOW THE JOINT CONSPIRACY OF THE FOREIGN IMPERIALISTS AND THE INDIAN REACTIONARY FORCES HAS TOUCHED ITS PEAK. THE PRESENT STATE OF EMERGENCY ZERE FORE BECAME INEVITABLE IN ORDER TO FOI SUCH A CONSPIREGY." IT ALSO BRANDED THE DMK RESOLUTION ON THE EMERGENCY AS "NOT ONLY UNCONSTITUTIONAL BUT ALSO TRASON." THE CONGRESS(R) MEETING WAS ATTENDED BY ALL-INDIA CONGRESS COMMITTEE GENERAL SECRETARY, MRS. M. CHANDRASEKHAR, AND FINMIN SUBRAMANIAM, ADDING A CERTAIN OMINOUS IMPACT TO THE LANGUAGE OF THE RESOLUTION.

3. THE TELUGU LANGUAGE PRESS HAS REPORTED THAT ANDHRA PRADESH CHIEF MINISTER VENGAL RAO IN TWO SPEECHES OVER THE WEEKEND SAID THE EMERGENCY WAS PROCLAIMED TO FRUSTRATE THE EFFORTS OF SOME POLITICAL PARTIES AND PERSONS WHO

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WERE CONSPIRING WITH FOREIGN POWERS TO UNDERMINE DEMOCRACY AND THE LEADERSHIP OF MRS GANDHI. HE REPORTEDLY CITED BBC AND VOA ROADCASTS TO SUPPORT HIS ALLEGATION OF FOREIGN CONSPIRACY.

4. CONGEN MADRAS REPORTS FOLLOWING ARREST TALLIES FROM ITS DISTRICT: TAMIL NADU-19; KARNATAKA-150; KERALA-60; NO INFORMATION FOR ANDHRA PRADESH.

5. THE PRIME MINISTER ON JULY 5 MET WITH LOYAL TRADE UNION LEADERS REPRESENTING THE INDUC (CONGRESS(R)), THE AITUC (CPI), AND THE HMS (NOMINALLY INDEPENDENT). HER MESSAGE TO THEM WAS CLEAR: THERE WILL BE NO STRIKES OR OTHER

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 NEAE-00 SSO-00

NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

AID-05 PC-01 OMB-01 OPR-02 A-01 OC-05 CCO-00 SIL-01

LAB-04 /098 W

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O P 071350Z JUL 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 9760

INFO AMEMBASSY COLOMBO PRIORITY

AMEMBASSY DACCA PRIORITY

AMEMBASSY ISLAMABAD PRIORITY

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AGITATION DURING THE EMERGENCY. PRODUCTION MUST BE INCREASED,
AND SHE EMPHASIZED THE NECESSITY FOR PUBLIC INSTITUTIONS TO
IMPROVE THEIR PERFORMANCE AND IMAGE. THE LEADERS -- INTUC
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PRESIDENT BHAGAVATI, AITUC GENERAL SECRETARY S.A. DANGE, AND HMS PRESIDENT MAKHAN CATTERJEE -- REPORTEDLY PROMISED TO EXERCISE "MAXIMUM RESTRAINT" AND SOUGHT ASSURANCES FROM THE PRIME MINISTER AGAINST LAY-OFFS AND LOCK-OUTS. (HER REPLY TO THIS REQUEST WAS NOT REPORTED.) WE UNDER-STAND FROM RELIABLE SOURCES THAT THERE ARE IMPORTANT DIFFERENCES OF OPINION WITHIN THE INTUC AND THE HMS CONCERNING THE STATE OF EMERGENCY, EVEN AMONG CONGRESS(R) MEMBERS. HMS GENERAL SECRETARY MAHESH DESAI HAS THUS FAR NOT PARTICIPATED IN MEETINGS WITH THE PRIME MINISTER OR LABOR MINISTER AND THUS IS MAINTAINING HIS INDEPENDENT POSTURE. (COMMENT: THUS FAR, WORKERS APPEAR TO BE INDIFFERENT TO THE CURRENT POLITICAL CRISIS, VIEWING IT AS A DISPUTE WHOSE RESOLUTION DOES NOT IMPORTANTLY AFFECT THEIR INTERESTS. POSSIBILITY OF LABOR'S CONFRONTING GOI WILL ARISE OVER ECONOMIC ISSUES AS GOVERNMENT ATTEMPTS TO RESTRAIN INFLATION BY DENYING WAGE INCREASES.)

6. THE GOI HAS ALLOWED THE ANTI-INFLATIONARY COMPULSORY DEPOSIT SCHEME WHICH REQUIRES THE IMPOUNDING OF WAGE INCREASES TO EXPIRE ON JULY 1. THE GOVERNMENT HAS THUS TAKEN A FIRST STEP IN ITS PROMISED POPULIST ECONOMIC PROGRAM (NEW DELHI 8831). HOWEVER, THAT PART OF THE SCHEME WHICH REQUIRES INCREASES IN THE COST OF LIVING ALLOWANCE TO BE IMPOUNDED HAS ANOTHER YEAR TO RUN, AND THE GOI HAS NOT CHOSEN TO TERMINATE IT. THE IMPOUNDED WAGE INCREASES ARE SCHEDULED TO BE RETURNED TO THE WORKERS IN EQUAL INSTALLMENTS OVER THE COURSE OF THE NEXT FIVE YEARS. HOWEVER, THE GOI HAS CALLED ON THE WORKERS TO LEAVE THEIR WAGE INCREASES ON DEPOSIT (INTEREST BEARING) IN THE NATIONAL INTEREST. (COMMENT: THE PARTIAL TERMINATION OF THE DEPOSIT SCHEME MEETS A LONG-STANDING DEMAND OF ORGANIZED LABOR. HOWEVER, THE CRITICAL QUESTION FOR LABOR WILL BE THE GOI'S WAGE POLICY. IT SEEMS LIKELY THAT THE GOI MAY BE FORCED TO LIMIT WAGE INCREASES TO CONTROL INFLATION, THUS LEAVING LABOR IN THE SAME CONDITION IT WAS UNDER THE DEPOSIT SCHEME.)

7. ON THE ECONOMIC FRONT, FINANCE MINISTER SUBRAMANIAM STATED IN A TV INTERVIEW THAT THE GOI PROPOSED TO ESTABLISH MORE THAN 50 REGIONAL BANKS BY EARLY OCTOBER. EACH BANK WOULD BE EXPECTED TO SERVICE APPROXIMATELY TEN MILLION

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PEOPLE AND TO MEET IN AN ORGANIZED WAY THE CREDIT NEEDS OF RURAL POPULATION. IN A JULY 6 SPEECH IN MADRAS, SUBRAMANIAM REPORTEDLY SAID THAT NEW LEGISLATION TO ENFORCE SOCIALIZATION

OF RUBAN LAND AND CELING ON URBAN LAND OWNERSHIP (ANNOUNCED
IN MRS GANDHI'S RECENT SPEECH ON ECONOMIC MATTERS) WOULD
BE INTRODUCED SOON. HE ALSO NOTED "DEFINITE DOWNWARD TREND"
IN WHOLESALE AND RETAIL PRICES. (AVERGAGE WHOLESALE PRICE INDEX
FOR FOUR WEEKS ENDING JUNE 14 WAS ONLY 1.9 PERCENT HIGHER
THAN COMPARABLE 1974 PERIOD.) IN ADDITION, GOI HAS ASKED
STATES TO SPEEK UP IMPLEMENTATION OF LAND REFORM
LAWS.
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL STABILITY, PRIME MINISTER, PUBLIC DEMONSTRATIONS, POLITICAL SITUATION, POLITICAL PARTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUL 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Errors: N/A
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Margaret P. Grafeld
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06 JUL 2006

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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMANIAM TOLD A TV AUDIENCE THAT AMONG THE MEASURES TO BE ADOPTED THE GOI WOULD ESTABLISH OVER 50
TAGS: PINS, PINT, IN, (GANDHI, INDRA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006